

ARIZONA CONSUME



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September 3, 1996

Docket Control
Arizona Corporation Commission
1200 W Washington St
Phoenix, AZ 85007

Docket No. U-0000-94-165

Dear Sirs,

Enclosed please find 11 copies of our response to Docket No. U-0000-94-165. I have tried to convey our concerns about the proposed rules on competition in the electric utility industry. I hope that I was not too verbose as I know you will have many to read.

If you have any questions please do not hesitate to get in touch with me at 520/327-0241, Fax 520/322-5206 and E-mail Sterman@ccit.Arizona.edu.

Sincerely

Al Sterman
VP Arizona Consumers Council
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Arizona Corporation Commission

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DOCKET CONTROL: Docket No. U-0000-94-165

R14-2-xxx4. Competitive Phases

A 1. I am not sure what 3 MW is to the total available electrical energy, so I really can't comment if it is too much or too little. But how many large purchasers of electricity to the total available will be eligible. I hope that a few users can't take all available and a sufficient number of users are purchasing to get a feel for what will happen down the road.

2. I do not think that the 10% for residential consumers is sufficient. It is the Councils position that 25% should be the minimum set aside for residential consumers. Additionally, where are small businesses in this mix. If they are in the 10% set aside, it most definitely is too small and even 25% may be too small.

3. How is aggregation to work. Do we aggregate by area, usage, sub-division. I think we need to flesh the bones a bit on this one.

B. The same general comments go for this as with A.

C. The 20% for a single customers seems large. How many customers in affected areas does this include. Could this have an adverse impact on competition for the remaining consumers.

E. We must insure that whatever method is used that ALL consumers, especially residential and small business customers are brought into the mix for both the affected utility and those entities which are vying for customers. All must benefit if competition is to bring down rates for all involved in it.

G. By-through's should not be permitted at the expense of the residential and small business consumer. Perhaps the Commission should work toward aggregating these groups in some what so as to permit them to partake of this system.

R14-2-xxx6. Services Required To Be Made Available by Affected Utilities

A. I am concerned by the term substantial and that while the larger portions of the industry (very large and large corporations) are in fact competitive that the residential and small business user will not be sufficiently into competition or that the new sellers of electricity will elect to leave that part of the market to one seller making that seller a virtual monopoly with monopoly

pricing.

D. In many utility service areas deposit and advance payment requirements are used to prevent low income consumers from participating on the network. In the absence of specifically designated charges of this sort, the Commission must set the requirements. Such charges in addition to hook-up fees are essentially a method of charging customers to shop at a particular venue. They should be outlawed or substantially regulated. If we are in a competitive society as in retailing, the local merchant does not ask for a fee for entering the establishment to purchase products. Those who do apparently sell products at a lesser retail price as an inducement for purchasing and buying a membership.

R14-2-xxx7. Recovery of Stranded Investment of Affected Utilities

The recovery of stranded investments will probably prove the most troublesome to manage. Here are some thoughts concerning the problem.

1. The Commission need to determine what each utilities stranded or negative investment is in dollars.
2. There needs to be an accounting of what portion of each customers bill is now going to what would in fact be stranded investment.
3. A determination needs to be made of how much needs to be collected to insure that the stranded investment will be paid off by December 31, 2004.
4. All customers of utilities who are participating in the competitive environment should contribute.
 - a. Current captive consumers are now paying for this stranded investment through their present bill.
 - b. That money should be put into the Stranded Investment Fund to be distributed to all affected utilities.
 - c. All new entrants into the field may also be required to pay into this fund on the basis of the amount of electricity they are selling.
 - d. Customers electing to go with a new seller of electricity will be required to pay a fee based on their use of electricity an amount sufficient to pay into the Stranded Investment Fund a amount to clear the fund by the designated year.

e. All should contribute to the Fund until all affected utilities are paid off, that is, until December 31, 2004. The stranded investments if any were as a result of requirements by the State of Arizona to insure that electricity was available at any time to all. All should participate in recovery.

B. The same method can apply to Benefits system charge.

R14-2-xxx13. Service Quality, Consumer Protection, Safety and Billing Requirement

K. There should be an historic delineation: last month, last year, previous 6 months or year etc. to enable to consumer to track use and respond. If consumers are paying for stranded investment of system benefits charges these should be delineated in the bill as well as any other pass through charges.

L. This should be limited and not open ended.

M. Same as L.

N. Working group need more delineation not only for present reliability and safety but for peak loads, provider of last resort and the myriad other issues such a group will encounter.



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